

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

TENNESSEE SECURITIES DIVISION,

Petitioner,

v.

ACI, INC.,

CAPITAL ENHANCEMENT

OPPORTUNITIES,

UNITED SERVICES,

PROSPER INTERNATIONAL LEAGUE LTD.,

OFFSHORE ROLL PROGRAM REPORT

NUMBER 5599,

FASTGOLD.NET, and

JOHN L. HILL, II,

Respondents.

)

)

)

)

)

)

)

)

)

)

)

)

)

No.: 02-002

ORDER TO CEASE AND DESIST

This Order issues as a result of a Petition and its exhibits attached hereto filed by the Tennessee Securities Division of the Department of Commerce and Insurance and is predicated upon the following Findings of Fact and Conclusions of Law:

FINDINGS OF FACT

The Tennessee Securities Act of 1980, as amended, Tenn. Code Ann. §§ 48-2-101, *et seq.*, assigns the responsibility for administration of the Act to the Commissioner of Commerce and Insurance ("Commissioner"). The Petitioner, the Tennessee Securities Division, is the lawful agent through which the Commissioner administers the Act, and is authorized to bring this action for the protection of investors and the public. The Division's official residence and place of business is in

Nashville, Davidson County, Tennessee.

2. John Lewis Hill, II, ("Hill") is a citizen and resident of the State of Tennessee, whose address is located at 717 Claybrook Drive, Savannah, Tennessee 38372. Hill has never been registered as a broker-dealer, agent of a broker-dealer, investment adviser or agent of an investment adviser with the Division. Hill possesses insurance agent license number 315989, such license having first been issued to him by the Tennessee Insurance Division on July 1, 1976.

3. ACI, Inc. ("ACI") is a business entity whose address and principal place of business is 717 Claybrook Drive, Savannah, Tennessee 38372. ACI has never been registered as a broker-dealer, agent of a broker-dealer, investment adviser or agent of an investment adviser with the Division.

4. Capital Enhancement Opportunities ("CEO") is a business entity whose address and principal place of business is 30 Topsy Lane, Savannah, Tennessee 38372. Hill is the president, Chief Executive Officer, and "Portfolio Manager" of CEO. CEO has never been registered as a broker-dealer, agent of a broker-dealer, investment adviser or agent of an investment adviser with the Division.

5. United Services ("UServ") is a business entity whose address and principal place of business is 717 Claybrook Drive, Savannah, Tennessee 38372. UServ has never been registered as a broker-dealer, agent of a broker-dealer, investment adviser or agent of an investment adviser with the Division.

6. Profit International League Limited ("PILL") is a business entity whose address and principal place of business is P.O. Box 1870, Winter Park, Florida 32970-1870. PILL has never been registered with the Division as a broker-dealer, investment adviser or agent thereof.

7. Offshore Roll Program Report Number 5599 ("ORPR") is a business entity with its principal place of business located at 30 Topsy Lane, Savannah, Tennessee 38372. ORPR has never been registered with the Division as a broker-dealer, investment adviser or agent thereof.

8. Fastgold.Net ("FG") is a business entity whose address and principal place of business are unknown to the Division. FG has never been registered with the Division as a broker-dealer, investment adviser or agent thereof.

9. Currently, Hill is operating a prime bank note and/or promissory note scheme via the Internet and, through email, is soliciting members of the public to invest with ACI, CEO, UServ, PILL, ORPR and/or FG.

10. Through advertisements and email, Hill is representing to members of the public that they can earn returns of thirty-six percent (36%) to sixty percent (60%) on investments with ACI, CEO, UServ, PILL, ORPR and/or FG.

11. Hill also represents through his advertisements, website and email through ACI, CEO, UServ, PILL, ORPR and/or FG that investors can borrow money through "self-liquidating loans" without ever repaying it and without pledging any collateral for such loans.

12. Hill represents to members of the public that investors can earn from ten percent (10%) to one hundred percent (100%) returns on "small investments" through ACI, CEO, UServ, PILL, ORPR and/or FG.

13. Through advertisements and email, Hill solicited Robert Heisse ("Heisse"), an investigator with the Division, to participate in investment programs through ACI, Inc., CEO, and/or UServ. *See* Affidavit of Robert Heisse (attached hereto as marked as Exhibit 1).

14. Hill's emails and solicitations to Heisse included promises that an investment with CEO would yield a sixty (60) percent return annually. In addition, Hill's emails and solicitations to Heisse including a representation that CEO is registered with the SEC.

15. The prospectus from CEO states that CEO manages investments for high net worth clients and that it is licensed by the state of Tennessee. *See* Exhibit 1.

16. On February 13, 2002, Heisse received an email soliciting him to invest in CEO. The signature line on the email indicated that it was from UServ. Exhibit 1.

17. Heisse received a number of solicitations from Hill, CEO, UServ and ACI, in which he was asked to invest various sums of money in investments offered by Hill, CEO, UServ and ACI.

Hill has previously engaged in the offer of unregistered securities in the state of Illinois and was the subject of a Temporary Order of Prohibition from offering or selling securities in Illinois which was entered by the Illinois Secretary of State on July 12, 2001. *See In the Matter of AsteroCA SA, Its Officers, Directors, Employees, Agents Affiliates, Successors and Assigns and Johnny Hill*, 2001 WL 1764677 (Ill.Sec.Dept. 2001) (a certified copy is attached hereto and marked as Exhibit 2). This Order became final on August 14, 2001. *Id.*

Based on the representations made by Hill via email solicitations to Heisse as well as the prospectus that Hill provided to Heisse, it appears to the Division that Hill is actively soliciting members of the public in Tennessee to participate in his investment schemes.

CONCLUSIONS OF LAW

20. Tennessee Code Annotated § 48-2-102(3) defines a “broker-dealer” as any person engaged in the business of effecting transactions in securities for the account of others, or any person engaged in the business of buying or selling securities issued by one (1) or more other persons for such person’s own account and as part of a regular business rather than in connection with such person’s investment activities.

21. Tennessee Code Annotated § 48-2-102(2) defines an “agent” as any individual, other than a broker-dealer, who represents a broker-dealer in effecting or attempting to effect purchases or sales of securities from, in or into this state.

22. Tennessee Code Annotated § 48-2-109(a) provides that it is unlawful for any person to transact business from or in this state as a broker-dealer or agent unless such person is registered as a broker-dealer or agent under this part.

23. Tennessee Code Annotated § 48-2-121(a) provides that it is unlawful for any person, in connection with the offer, sale or purchase of any security in this state, directly or indirectly, to employ any device, scheme, or artifice to defraud, make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person.

24. Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-109(a) by acting as unregistered broker-dealers.

Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-109(a) by acting as unregistered agents of a broker-dealer.

26. Based upon the Findings of Fact, the Respondents have violated and are violating Tennessee Code Annotated § 48-2-121(a) by making material omissions of facts in the offer and sale of a security.

Tennessee Code Annotated § 48-2-116 provides that the Commissioner ~~may make~~, promulgate, amend, and rescind such Orders as are necessary to carry out the provisions of the Tennessee Securities Act of 1980, as amended, and that such Order is in the public interest, necessary for the protection of investors, and consistent with the purposes fairly intended by the policy and provisions of the Act.

28. Tennessee Code Annotated § 48-2-116(e)(2) provides that no Order may be entered without prior notice to affected parties (unless the Commissioner determines that prior notice would not be in the public interest and would be detrimental to the protection of investors), an opportunity for a hearing before the Commissioner, and written Findings of Fact and Conclusions of Law.

29. Based upon the Findings of Fact, it would not be in the public interest and it would be detrimental to the protection of investors if prior notice of this Order were given to affected parties.

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

The Respondents shall comply with the provisions of the Tennessee Securities Act of 1980, as amended, at Tenn. Code Ann. § 48-2-101 *et al.*

2. The Respondents shall cease and desist in the further conduct as a broker-dealer from, in, or into the State of Tennessee until such time as they are effectively registered with the Division to engage in such activity.

3. The Respondents shall cease and desist further use of any device, scheme, or artifice to defraud, make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading, or engage in any act, practice or course of business which operates or would operate as a fraud or deceit upon any person In the offer and/or sale of a security from, in or into this State.

4. The Respondents Hill, CEO, ACI, UServ, PILL, ORPR and FG shall each pay a ten thousand dollar (\$10,000.00) civil penalty for their respective violations of Tenn. Code Ann. § 48-2-109(a).

5. All persons in any way assisting, aiding, or helping any of the aforementioned Respondents in any of the aforementioned violations of the Tennessee Securities Act of 1980, as amended, Tennessee Code Annotated §§ 48-2-101, *et seq.*, shall cease and desist from all such activities in violation of the Tennessee Securities Act of 1980, as amended.

This Order is not intended to prohibit any lawful conduct in which the Respondents might be engaged.

Entry of this Order shall not in any way restrict the Tennessee Securities Division or the Commissioner of Commerce and Insurance from taking further action with respect to these or other possible violations by the Respondents of the Act or any of the Rules promulgated thereunder.

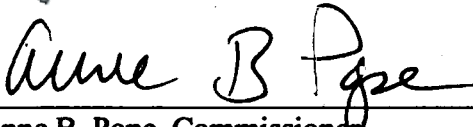
This Order shall become a Final Order thirty (30) days from the date of its entry, unless written notification requesting a hearing is made by the parties within the thirty (30) day period.

You are advised that you have the right to a hearing as to all matters raised in this Order. If you wish to exercise your right to a hearing, please notify:

**DAPHNE D. SMITH
ASSISTANT COMMISSIONER FOR SECURITIES
STATE OF TENNESSEE, DEPARTMENT OF COMMERCE AND INSURANCE
DAVY CROCKETT TOWER, SUITE 680
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243**


Such request must be received within thirty (30) days of the date of entry of this Order.

ENTERED this the 7th day of May, 2002.



Anne B. Pope, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:



Kevin C. Bartels (BPR# 020618)
Staff Attorney
Department of Commerce and Insurance
312 Eighth Avenue North
Snodgrass Building, Twenty-Fifth Floor
Nashville, Tennessee 37243-0569
615 741 2199

CERTIFICATE OF SERVICE

I hereby certify that I have served a true and correct copy of the forgoing Petition and Summary Cease and Desist Order upon the Respondents ACI, Inc., Capital Enhancement Opportunities, United Services, Prosper International League LTD., Offshore Roll Program Report Number 5599, Fastgold.Net, and John L. Hill, II, by mailing same by certified mail, return receipt requested.

This 7th day of May, 2002

Kevin C. Bartels
Kevin C. Bartels
Attorney for the Petitioner
Tennessee Securities Division
Department of Commerce and Insurance
Twenty-fifth floor, Tennessee Tower
312 Eighth Avenue North
Nashville, Tennessee 37243
(615) 741-2199

by L. E. Moore
by permission